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MESSAGE

of

Governor J. Hugo Aronson

to the

Thirty-sixth Legislative Assembly

of the

STATE OF MONTANA

1959

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STATE PUBLISHING CO., HELENA, MONT.

GOVERNOR'S MESSAGE

Mr. President, Mr. Speaker and Members of the Thirty-Sixth Legislative Assembly:

Today, as is required by our laws, the Executive and Legislative branches of our State Government came face to face. This is an extremely important occasion. It is important not just for its tradition or ceremony, but because our State of Montana faces a crucial financial situation.

I could probably sum up the problem and the heart of my fourth State of the State message in just three words—BALANCE THE BUDGET.

A balanced budget, as you all know, is required by the Constitution of the State of Montana in Article 12, Section 12. The people of our great State are watching this Legislative Assembly. They expect, and rightfully so, that you and their Governor will work together for the good of the State of Montana.

I want to repeat what I said in my first State of the State message in 1953. "Every decision, every vote, every goal, every ambition must be weighed with only one thought in mind: WHAT IS BEST FOR MONTANA?"

Today, I pledge that I will continue to operate on that basis and hope you will join me. We are all believers in our two-party system, which has made this State and Nation great. But now is a time to put partisanship aside and work toward ending this legislative session with a balanced budget.

This is no time for reckless spending. The Congress in Washington, D. C., will undoubtedly increase our Federal taxes. You already know the high tax burden Montanans bear at the local level. Don't compound this at the State level. This is a time for economy —a time for living within our means.

You have the sole power to tax. You have the sole power to spend. This is a grave responsibility. But it must be met.

I only wish that I could report to you that the budget is balanced, as I did two years ago. However, the deficit will reach at least five and one-half million dollars by the end of the current biennium on June 30, 1959. The State Controller's office reports

a General Fund deficit of 3.4 million dollars ($3,395,238.96) at the end of 1958.

Requests from the General Fund are at an all-time high. They total $105,890,248.48. Estimated income is 64 million dollars. Just six short year ago I was shocked to find General Fund requests totaling nearly 51 million dollars ($50,748,651). Now these have more than doubled. Today it is even more imperative that you balance the budget, while making up the deficiency left by the last Legislature.

I should stress that this record figure is *requests*, and *not* an Executive Budget, with which I will deal later in this message. It can and must be trimmed, and only you have the power to do that trimming. While I can veto any item in full and eliminate it, I can't cut your appropriations. Therefore, there must be wise trimming at your level.

In examining and paring these budget requests, you must carefully differentiate between items. To borrow from an eminent tax authority, there are *essentials* and *desirables*. Obviously, we can't have both and still end up with a balanced budget and lower taxes. Certain desirables may be possible, but not at the expense of red ink.

Montana stands today at a crossroads. We can take the path of black ink financing. We can provide those services of government which we can afford and no more. Or we can allow ourselves to be lulled down the path of fiscal chaos. This path is paved with good intentions. However, it does not lend itself to the program of sound, businesslike government which I have tried to give Montana. Deficits are unworthy of a state with a name like The Treasure State. I call upon you to rise to this occasion and meet the challenge successfully.

Montana is part of the fastest growing section of the United States of America. We are not only part of it, but we typify that which is greatest about the west.

We are rich in natural resources. We are even richer in our greatest resource—a forward-looking people. Therefore, we owe it to these people—the citizens of Montana—to further the development of our State.

Continued growth and development of Montana is essential, if we are to offset inflation. We need more jobs and more income. However, we can't get these without businesslike operation of state government on a sound fiscal basis. Deficits and high taxes will drive both present and future residents away. Sound policies will

attract them and enhance our future development. This means a favorable economic and political climate. It definitely *does not* mean confiscatory taxation. It means providing opportunity and not blocking those opportunities which already exist. *I* am confident this kind of job can be done. The answer is up to *you.*

Putting the situation more bluntly, although not quite in rig builders' language, it boils down to three phases. You can put into effect all available economies of government. You can equalize taxation towards a fairer burden in certain areas. Or, you can just raise taxes.

I am opposed to any major tax increase. The solution is economy combined with certain tax equalization shifts and changes. I refer you to the report of the State Board of Equalization for details.

In closely scrutinizing budget requests, I urge you to give the fullest consideration to those who have shown the greatest care with the public's tax dollar in the past.

The response to the request of the Legislative Council, Taxation-Education Commission and Board of Examiners for a voluntary ten percent cutback in spending might give you an insight into *some* economy records.

There are other factors as well, which will show whether previous appropriations to any part of state government have been handled with due respect for the taxpayer. These must be weighed carefully at a time when taxes are already high.

Your job of balancing the budget must be accomplished. You should not stifle Montana's economy and potential for future development through excessive taxation on either property or income. The solution to your problem lies in cutting spending and enforcing economy and efficiency.

EDUCATION

We all realize that our youth are the greatest resource in the Treasure State. They deserve an opportunity to have a sound education. Only in this way can they help build an even greater Montana. We often hear talk that tends to discredit our educational system. I am *proud* of Montana's elementary and high schools, as well as our University system. Most Montanans will agree with this. We can always do a better job in certain areas, but the first essential is a *sound financial base.*

There is definitely a need for some reorganizational changes.

One place is in our school districts. A system is needed which will give us school districts that are economical and efficient. Yet, no school should be eliminated, as long as there is a true need for it. The Office of the Superintendent of Public Instruction should be officially designated as a "Department." Also, certain additional professional help is needed. This is necessary to carry out the duties and responsibilities which you have assigned the Superintendent of Public Instruction, especially those concerned with curriculum.

Our school foundation program needs a second look. The State has a solemn obligation to aid in supporting our schools. However, the foundation program must be one which we can afford.

The solution to our school problems does not lie in constantly increasing this program beyond our ability to pay. Let us base this program on the sound principles of giving the best possible education for every tax dollar that is available for education. In other words, we want the best education we can afford.

Higher standards of education are definitely needed. I must caution that this does not just mean more money. Standards can be increased in a large measure through improved administration, just to mention one method of attaining more efficiency. There is a definite need for a strong, central executive office for the University system.

Also, the State Board of Education should be freed of administration of the custodial institutions now under its jurisdiction. Some would logically fit under the Public Welfare Board. Others might better belong under a new board encompassing the entire correctional field.

All these changes must be made with an eye to the future of Montana education. They should be part of long-range planning that will give us greater economy and efficiency in education, while continuing to better educate large numbers of students. However, you should keep all this in mind as we look ahead.

Along this line, I commend to you the reports of the Montana Taxation-Education Commission and the Governor's Committee on Education Beyond the High School. The Taxation-Education Commission, which I appointed, had a study made by Peabody College. It deals mostly with elementary and high school education. The Governor's Committee, on the other hand, had a study made by Dr. Homer Durham of the University of Utah. This dealt with higher education. Much effort has gone into the reports of these two groups.

WESTERN INTERSTATE COMPACT ON HIGHER EDUCATION

As Montana continues to grow, we will need more and more good doctors, dentists and veterinarians. The best source is our own youth population. However, the finest possible professional training is required in these fields. Building, maintaining and staffing such professional schools would cost many millions of dollars. Montana has access to the finest such schools in the west under the Western Interstate Compact on Higher Education—at a much lower cost. Through the Compact, the doors of these professional schools are open to our students on the same basis as students from other western states. An investment in this Compact is a true economy.

Already, Montana has received many benefits from its participation in the Compact Commission. Six Montanans have graduated from professional schools and eighteen others are now in training. Studies of western educational needs and resources have been made. Cooperation and coordination are more evident than ever before among western educators, under the leadership of the Commission. This is paying off both in dollars and in more intelligent planning for the future. This program and the efforts of Montana's fine Commissioners must be supported by this Legislature.

HIGHWAYS

Montana has just witnessed the best year of highway construction ever accomplished in our history. Highway building has been increased nearly three-fourths, or 14 million dollars, to a record of 37 and one-quarter million dollars. All this has been done under adverse conditions. It has been done in spite of the loss of the one-cent gasoline tax, which the last Legislature failed to continue. In fact, the construction record would have gone ten million dollars higher, with this gas tax money to use for matching.

This 14 million dollar increase was made possible through economy, efficiency and sound businesslike judgment. Administrative and overhead costs were cut by reorganization of the Highway Department. Maintenance costs were cut, but this cannot be repeated due to the necessity of replacing units now depreciated. All available emergency federal funds, plus letting of interstate projects, were utilized to gain a more advantageous matching ratio. Reimbursements normally carried as an operating fund item were collected and carefully scrutinized. This item will be kept current now. However, it does not represent any further available backlog of funds.

In view of this excellent record, the State Highway Commission and Highway Department deserve continued support in our quest for more and better highways.

The Citizens' Highway Committee has prepared a report containing some recommendations along this line.

Restoration of the additional one-cent per gallon tax on gasoline will be a first step in the right direction. *Equitably increased* tax collections from trucks are another. It must be remembered that we all enjoy the benefits of these new, improved highways and must pay for them as we go.

One further spot where you can assist our highway program is by studying and eliminating those laws which you deem to be responsible for delays in construction. Savings in time and money must be balanced against what protection is afforded by those laws. Only you can make this decision.

HIGHWAY TRAFFIC SAFETY

After a national reduction of 21 percent in highway traffic fatalities during 1957, Montana held its own this past year as 193 died, compared with 210 the previous year. This shows that efforts toward improved traffic safety do pay off, both in lives and dollars.

During 1957 Montana established a record low of 6.7 deaths per 100 million vehicle miles. The figure for 1958 is 5 deaths per 100 million vehicle miles. Ever-increasing numbers of vehicles are using Montana highways. Therefore, constructive legislative action is essential if we are to reduce Montana's traffic death toll. Speed and drinking are the two leading causes of accidents in Montana, according to accident analyses made by the Montana Highway Patrol.

In view of this I want to recommend the adoption of a definite 65 mile an hour daylight speed limit. This should be a matter of state law. It is evident that the 65 miles an hour daytime limit should get a large share of the credit for the 1957 and 1958 fatality reduction.

You should also consider the adoption of the implied consent law as an added deterrent and control of the drinking driver. The outstanding feature of such a law is the provision that a person believed to have been drinking while driving must submit to a blood alcohol test. Refusal to submit would result in loss of driving privileges.

The Montana Highway Patrol, although understaffed, de-

serves a large shart of the credit for the improvement of our traffic safety problem. Presently, there are 95 full-time traffic officers. Authoritative studies by both the National Safety Council and the Northwestern University Traffic Institute show that Montana should have a minimum of 30 more Patrolmen on traffic duty.

You have an opportunity to make a saving by establishing permanent ports of entry. These could be used to collect tax revenues under the Gross Vehicle Weight Law, and also for passing out tourist information. This would be a combination of tax-collecting, welcoming and collection of tourist data.

BOATING SAFETY

The great increase in boating throughout Montana has brought about a severe need for safety legislation. Since this problem is a common one among states, suggested legislation has been prepared by the Council of State Governments. This legislation ties in with the Federal Boating Act of 1958. Enactment of legislation along these lines would give Montana a uniform numbering system for boats, a uniform accident reporting system and an exchange of such data with the Federal Government. Responsibility for enforcement of these provisions should go to already established law enforcement authorities.

At the same time you should provide that no boat be issued a license unless it is already on the property tax rolls. This is only fair, since some are and some are not. Responsibility for administration of the licensing provisions of the state boating act would lie with the State Board of Equalization.

STATE LANDS

We are all well aware that land values have continued to rise in Montana. Therefore, I would suggest that you review the income that the State of Montana now receives from both farming and grazing lands. This is particularly important to our schools.

You also have a responsibility to fix the method of determining full market value of the exchange of an existing oil and gas lease of state lands. A 1953 law authorizes such an exchange. The State Land Board is unable to exchange any leases until you do this.

CORRECTIONS

We must all be fully aware that, while much has been done at the State Prison at Deer Lodge in the past few years, a big job

still remains. We have a long-range building program, which needs and merits your support. The goal will be a new State Prison, located on the present Prison ranch, away from the U. S. highway.

I am proud that this program is under way. The first step—the medium security building—is over half finished.

This long-range building program must be matched with equally adequate personnel. This will result in the best possible rehabilitation. In this rehabilitation Montana will not only find a great saving in dollars, but will also save in our human resources. This can amount to millions of dollars over a few years. Therefore, I urge your utmost cooperation in meeting the problems surrounding our prison population. We need far-sighted planning, equivalent to that when the present prison ranch was purchased for the State of Montana.

This was a result of cooperation between the Legislature, myself and others. I hope we will see more examples of this in the future.

This Legislature will receive copies of a proposed Western Interstate Corrections Compact. This grew out of discussions started at one Western Governor's Conference and was completed at another such meeting in November. I attended both of these meetings and made several suggestions, which are included in the proposed Compact. In such a Compact you have an opportunity to take one of the greatest forward steps in the history of corrections in Montana.

First, there will be a great saving through sharing of institutions.

Second, better and more specialized care of certain types of institutional cases will result. Third, better rehabilitation will bring about a human saving by returning sound individuals to society. Full protection of the rights of Montanans is provided. There are no constitutional problems. I urge your recognition of the now-existing problems, such as our women prisoners at Deer Lodge. Approval of such a Corrections Compact is essential to progress in corrections. The way will then be open for specific contracts to be made. In other words, this is enabling legislation.

Montana can be proud of the progress which has been made in the field of pardons and paroles of state prisoners.

However, there are two major needs. One is for an expanded staff to supplement the present three field officers. At least five more are needed to cover a state as large as ours. Assistance in

placement of the persons handled by our courts and penal institutions is needed. Finding jobs for these persons is the biggest item blocking the smooth operation of release of inmates from the State Prison. This is a major cause of parole and probation violations also. The general public can assist, as well, through their acceptance of these individuals.

A work-release plan for those in county jails is worthy of study, not only as a corrections measure, but also as an economy move.

It will keep a man active as a family breadwinner, cut welfare costs and help pay jail costs.

You may also want to consider the passage of an effective habitual criminal act. Certainly we must realize that the laws of our State should take into consideration the difference between a first-time offender and a three-or-more-time loser.

WATER RESOURCES

Water is undoubtedly one of the most important, if not *the* most important, natural resources to all Montanans. It is definitely the limiting factor in our development.

Therefore, I believe it is important to tell you about developments in this field. This merely touches the highlights, so I commend the report of the Montana State Engineer for your reading.

A new compact is being negotiated on the Little Missouri River between North and South Dakota, Wyoming and Montana. Water rights and use data is now being gathered. Work toward a Columbia River Compact is still in progress. It is stalled at the present time due to the refusal of Oregon and Washington to agree to the Compact draft. Therefore, no Compact will be submitted to this Legislature for its approval. Nevertheless, I want to commend the Montana members of this Commission for their tireless efforts.

I am happy to note that the Lower Willow Creek Project in Granite County will be the first one undertaken in Montana under the Watershed Protection and Flood Prevention Act. This type of flood prevention and development of our water resources at the headwaters is definitely beneficial. It accomplishes the job, without flooding large amounts of taxable land and displacing people from their homes.

If Montana is to continue to make progress in the future, then we must all work together in the use of our water. My record is

clear. I will continue to work in the best interests of the development of the Treasure State through the most beneficial use of our water in Montana.

I hope you will give continued support to the efforts of the Montana Water Conservation Board in their important field.

PUBLIC WELFARE

The State Department of Public Welfare will probably narrowly miss asking for a supplementary appropriation. I am certain we are all well aware that this is due mainly to the increased relief load in one or two counties. In view of this situation, this 36th Montana Legislative Assembly must face and answer squarely two questions concerning public welfare spending in Montana.

The first is whether people all over the state should pay such a large portion of the general relief costs. These occur in just a few counties, due in many instances to a low tax base. The second is whether the taxpayers of the entire State of Montana should support the operation of large county hospitals in just two counties—Silver Bow and Cascade.

First, you have the power to increase the four-mill emergency levy in the poor fund before a county could qualify for grants-in-aid from the State. This would mean that those few counties which continually receive aid could carry a greater share of the general relief and medical care expenditures. These costs are the major reason for the large increase in the State Welfare Department's budget request for the next biennium. They are also exclusive of the problem involving county hospitals. A two-mill increase in the levy would permit a budget cut of more than half a million dollars. This would be an emergency increase which could probably be removed when the present reclassification program is completed.

You also have the power to enact legislation so that any county wishing to operate a hospital *must* make a special levy for this purpose. This would enable a cut of 425 thousand dollars in the appropriation request for General Relief and Contingencies. It would also eliminate the spending of funds over which the State of Montana has no control. Administration and control of these hospitals are the duties of the Boards of County Commissioners.

The State Public Welfare Board is asking for increased funds from you due to nearly two million dollars ($1,938,000) in increased anticipated requirements for eight counties. Some of this is unavoidable. However, you can save nearly a million dollars in appropriations just by following the two suggestions I have made.

The decision is up to you. A solution must be found or this situation will continue to get worse.

CHILD WELFARE ADVISORY COMMITTEE

The greatest treasure in the Treasure State—our youth—is the subject of a report by the Child Welfare Advisory Committee. The last Legislature continued this Committee. It has done a fine job of study concerning the welfare of delinquent, dependent and neglected youngsters. I am certain you will find its recommendations very worthy of careful study. This is a continuing problem, and one in which we must all be aware of the tragic loss that will be ours, if we do not meet its constantly.

In considering the problems of juveniles, you will undoubtedly be faced with legislation providing for the publication of the names of juveniles in certain court proceedings. I favor such publication with certain safeguards. A proper balance must be achieved between the spotlight of our free press and adequate protection of the public, our youngsters and their future.

STATE FORESTS

Montana deserves to receive the greatest possible wealth from its forest lands, in the form of forest products, abundant usable water and matchless recreation areas. To foster such production, the State Forestry Department is developing a long-range forestry program, based on factual and scientific information.

Through proper forest management and adequate protection, the greatest volume of mature timber will be harvested in the shortest possible time consistent with good forest land management. An inventory of the standing timber is the foundation for a good forest management program. The present inventory has now covered 20 percent of the state-owned forest lands and should be carried to completion.

The need for protecting forest lands from both insects and fires has been well established. The history of forest pest infestations indicates the need in Montana for legislation which will facilitate early and effective control action.

This is essential when you consider that spruce budworm has already infected over five million acres with three million remaining untreated. Vast areas of private forest lands within the boundaries of organized fire protection districts are being protected at a reasonable cost. Grass and brush areas in such districts receive organized protection. The law should provide for uniform participation in protecting our valuable forest lands from fire.

Slash, the debris accumulated as a result of timber harvesting, is an extreme fire hazard. Due to inadequate laws, there is grave concern that fires in slash will get out of control and run wild, threatening life and property and undoing the work of a lifetime by ruining valuable forest growth and watersheds. This statute needs a complete overhauling in order to permit the State Forester to provide adequate protection for our forests.

One-half the commercial forest land in Montana is privately owned. Technical assistance to the small forest woodland owner is provided by the State Forester. This should be encouraged.

The current situation of widely scattered state forest land ownership poses a very complex and unnecessarily expensive administrative problem. The State Forester has instigated a program leading to the consolidation of state forest lands through the medium of exchange. In view of the future benefits to the State of Montana, I recommend that consolidation be accomplished as swiftly as possible.

Let me also call your attention to a resolution approved by the State Forestry Board. It recommends that fireworks be defined by law in such a manner as to include all burning and explosive instruments normally associated with the Fourth of July and other celebrations. The Board further recommends the use and sale of fireworks be prohibited in Montana. Certainly fairs, rodeos and other celebrations having fireworks displays put on by specialists in this field should not be hindered. But others unskilled in the use of fireworks should not be subjected to the danger.

FISH AND GAME

You have an opportunity to aid both our hunters and our tourist industry at the same time in the field of fish and game legislation. The 1957 authorization for issuing special 20-dollar nonresident deer and antelope permits expired December 31, 1958.

There is a continuing need for such permits in many Montana areas. In addition to this need, the loss of revenue from the sale of these permits would undoubtedly force an increase in resident license fees. Also, continuation of such permits will bring added tourist revenue into Montana.

Montana law provides that any person who has obtained a moose, mountain sheep or buffalo permit shall be ineligible to receive another such permit for ten years. In many cases the holder of such permits has been unsuccessful in killing the animal authorized by the permit. He may have waited several years to get the

permit under our drawing system. Yet, he now must wait ten more years before applying again. It may be several additional years before he is successful in drawing another permit. This is obviously unfair. Therefore, I recommend that you amend this ten-year limitation to apply only in cases where the permit holder kills his authorized moose, mountain sheep or buffalo.

HEALTH

Our health may well be our most prized possession. Therefore, I urge you to give the closest study to these proposals endorsed by the State Board of Health.

As our State develops more suburban areas the problem of fringe area sanitation grows. Most states in the west already have laws requiring approval of sewage and water facility aspects of all subdivisions, prior to recording of subdivision plats and sale of lots. At present no state or county board has power to prevent such health hazards.

Although we have already made great strides, the attack on tuberculosis must continue. Legislation is needed to allow commitment of the TB patient who refuses to cooperate in becoming non-infectious and continues to spread disease. We must also make provisions for the person with TB who has just moved to Montana and is not yet a legal resident. Even though willing, this patient cannot now be admitted to our State TB Hospital at Galen. However, Montana must be protected against becoming an asylum state. Admission procedures need revising so that the county health officer and the State Hospital are directly involved. Also, any payments for treatment at Galen should be collected there. The cost of TB to society by failing to have all recognized communicable cases under treatment is far greater than the cost of providing state care.

You may also wish to give consideration to the topics of air pollution and radiological health.

LEGISLATIVE COUNCIL

The work of the Legislative Council, which the 35th Legislative Assembly set up to function during the interim between Legislatures, deserves praise for its efforts. You now have one group to make your interim studies, rather than several groups which could duplicate efforts. One particular field in which the Council has been operating is that of the need for an Executive Budget. I am in agreement with this need. The Chief Executive of Montana, whoever he might be, is often *wrongfully* charged with the

responsibility for the state budget. These are now merely budget requests. The only way to fix definite budgeting responsibility is to approve an Executive Budget law with adequate budget assistance for the Governor. All loopholes diluting this budgeting authority should be eliminated. Then this point will be clear, just as it is now clear that responsibility for appropriations and taxation lies with the Legislature.

I would like to recommend that you transfer the duties of the now dormant Intergovernmental Relations Commission to the Legislative Council. This is an appropriate point at which to mention the Council of State Governments. Not only the Legislative council, but also every part of state government benefits from membership in the Council. However, Montana should not continue to be a charity member.

STATE LIQUOR PROFITS

For the two fiscal years ending last June 30, the Montana Liquor Control Board turned over more than eleven and one-half million dollars ($11,654,343.18) to the State General Fund. This consisted of Liquor Board profits, license fees and liquor and beer taxes. In addition to this amount, Montana's counties and incorporated cities received more than 560 thousand dollars ($561,-875.52) during the last fiscal year. This means that the state, counties and cities got nearly twelve and one-quarter million dollars ($12,216,218.70) from our state liquor establishment.

It is important to realize that more than one-fifth or 21.54 percent of our State General Fund revenue came from this one source during these last two fiscal years.

NATIONAL GUARD

Both training and facilities have improved for our National Guard during this biennium. Armories have been built or are under construction in Sidney, Glendive, Miles City, Billings, Kalispell, Hamilton and Whitefish. Armories are also in the planning stage for Chinook and Dillon.

The Air National Guard has been reorganized into an Air Defense Fighter Group with a primary mission of providing operationally ready air crews and airmen capable of seeking out and destroying enemy airborne weapons in the event of an enemy attack.

As Commander-in-Chief of the Montana National Guard, I am proud to report this progress to you. I am equally proud and

happy to say that Federal efforts to completely slash the Guard have failed. I testified personally before the U. S. House of Representatives Armed Services Subcommittee in Washington, D. C., and took part in discussions at the National Governors' Conference aimed at blocking this move.

REAL ESTATE

A serious condition now exists in our present state real estate law. The law was enacted in 1921 and has remained basically the same. During the last ten years many Montanans have been defrauded by a scheme known as "Fee in Advance Advertising of Property for Sale." The potential seller of property under this scheme receives no benefits, according to checking by our State Department of Agriculture, which has responsibility for enforcing the real estate law. The same is true in other states. Legislation has been worked out to improve this situation.

The relationship between owners, sellers and buyers of property and the real estate broker is based on trust and competency. I urge that you approve legislation to insure that this trust is not broken.

STATE PLANNING

Montana needs a further expanded and stabilized economic base. New opportunities for income and employment must be developed to replace those which are lost in technical progress and to provide jobs for our increasing population. In line with this, we have two main responsibilities at the state level.

There must be an economic and political environment which is attractive to industrial development. We need an aggressive program of research, planning and promotion concerning the potential of our Treasure State. I hope you will continue to give the State Planning Board support, as part of our over-all efforts for fuller development.

AVIATION

Aviation activity in Montana is greater than ever before in both civilian and military flying. Our Montana Air National Guard squadron is one of the nation's best. Montana has a new Air Force Base at Glasgow, as well as increased facilities at Malmstrom Air Force Base at Great Falls. We also have new radar and radio installations throughout the state.

The Montana Aeronautics Commission has a new operations

building. The Commission has a record of dedicated service to aviation in Montana. They have also been active in behalf of increased airline service to Montana. I hope you will continue to give aviation your support.

There are 1,139 licensed aircraft in Montana now. We now rank first in the nation in aircraft per capita. Some are on the tax rolls. Some are not. All of these should be paying taxes, as a matter of fairness. Therefore, I recommend that the State issue aircraft licenses. However, such licenses should not be issued, unless the aircraft is on the property tax rolls.

STATE PARKS

The importance of an adequate state parks system must not be overlooked in our efforts to attract tourists and to provide Montanans with sufficient recreational and historical spots. We now have twenty state parks and monuments. A record 265,000 persons visited them last season. There are eight or ten more possible additions. Picnic and recreational areas, roadside parks, and preservation of historical, scientific and archaelogical sites must be taken into consideration.

The status quo is no longer enough. An orderly expansion, plus bringing existing facilities up to standard, is necessary.

UNEMPLOYMENT COMPENSATION COMMISSION

Montana's unemployment trust fund reserves have dropped at an alarming rate. This has happened since the enactment of amendments to the Montana Unemployment Compensation Law by the last Legislative Assembly. Increased unemployment in some fields has contributed to this. However, the major portion of the increased cost is due to amendment of the benefit provisions of the law, which went too far.

The unemployment trust fund dropped from nearly 44 million dollars ($43,933,283.20) on July 31, 1957, to about 36 and one-half million dollars ($36,417,400.91) on July 31, 1958. This is a loss of more than seven and one-half million dollars in twelve months. It is the first time that reserves have declined by annual comparison since 1939 when the Commission started paying benefits. This situation must be corrected. Otherwise, the fund balance will continue to decline, even though employment returns to the 1955 and 1956 levels.

At the end of 1958 the trust fund stood at more than 35 and one-quarter million dollars ($35,270,314.14). Estimates are that

it will drop another 7 and one-half million dollars in the next thirteen months. This will cause all employer unemployment compensation tax rates in Montana to jump to the maximum of 2.7 percent on covered payrolls. Such maximum payroll taxes will definitely be an extremely serious handicap to our efforts to attract business into Montana.

It woud be extremely unwise to increase unemployment benefits during this session. I urge that you restrict payment of such benefits to those persons who are *sincerely* attached to the Montana labor force for the major portion of the year. The so-called marginal workers have been allowed to draw mnay thousands of dollars. These benefits should have been reserved for Montanans who are breadwinners and are obligated to work or *sincerely* seek work the year around.

WORKMEN'S COMPENSATION

You may wish to examine the Second Injury Fund with an eye toward eliminating any major barrier which may exist to the hiring of physically handicapped. However, any extension must be accompanied by financing that will not overprice workmen's compensation.

P. E. R. S. AND SOCIAL SECURITY

In considering any legislation affecting the Public Employees' Retirement System, it is imperative that any proposals for the liberalization of its retirement benefits be accompanied by adequate compensation provisions for their funding or financing. In any proposals to establish additional retirement systems for separate coverage groups, I urge that you explore fully the advantages of keeping all public employees under the established retirement system. Recent amendments to the Federal Social Security Act make it correspondingly necessary to amend existing statutes so that our public employees and their beneficiaries may enjoy full Social Security benefits.

LIVESTOCK SANITARY BOARD

Two of Montana's greatest industries are livestock and poultry. They are both part of our state's biggest industry—agriculture. Animal diseases are responsible for a large loss to these industries in the form of reduced meat, milk and egg production, as well as actual livestock and poultry loss. In addition, 87 of these diseases can be given to humans.

Responsibility for prevention, control and eradication of these

diseases lies with the Montana Livestock Sanitary Board. That Board is also responsible for establishment and maintenance of meat inspection, enforcement of grade A milk standards and enforcement of other laws in this field.

To properly fulfill these responsibilities, an adequate diagnostic laboratory must be available. The present lab is outdated, overcrowded, dangerous and entirely inadequate. The space now being used is the same as was provided in 1918—more than 40 years ago. I hope you will give the fullest consideration to this critical need of the livestock industry.

MONTANA HISTORICAL SOCIETY

Our State Historical Society has been in existence since its creation by the Territorial Legislature. The last revision of its laws was made in 1949. Since that time the portion of the law dealing with appointment of Trustees has become outmoded. There is no longer any Chancellor of the Greater University of Montana, so a change is in order here. You should also make it more easily possible for potential donors to endow the Historical Society. This will greatly aid the preservation of our historical culture, which has made such great strides these past few years.

VOTING

In view of recent controversy over the use of voting machines, a need to clarify the laws concerning their use definitely exists. In addition, you have a duty to see that no barrier to simplified absent voting procedure exists for spouses and dependents of active duty members of the armed forces and federal employees working overseas. The Federal post card application for ballot and for use as a registration card should be permitted these members of our cold war fighting team.

OTHER PROGRAMS

The 35th Legislative Assembly made a major change in the work week of state, county and municipal offices by switching to a five-day week. This was done at my suggestion. I am happy the change was made. However, this law should be further clarified. It presently states only how many hours each *office* must be open. I recommend that a minimum number of hours be established for each *employee* to work each week. This is only fair, as the present law leaves the way open to abuses. Some employees may work only 35 hours, while other put in 40 or more. A definite number should be set by law.

I want to go on record here as opposing secrecy where the public's tax dollars are involved. Secrecy merely breeds misinformation. I do not mean that a board or committee should be unable to talk things over privately. However, when any decision involving the tax dollars of Montanans is made, the public should have access to that meeting.

We should reappraise the effectiveness of our Blue Sky Law. This is intended to expedite financing the development of natural resources and legitimate enterprises in our state. It must also protect our investing public from being fleeced by slick promoters who too often operate under the pretense of developing Montana.

Strict and conscientious examination of the books of our financial institutions, plus municipal, county and state offices, is essential and is required by our Constitution. In order to effectively accomplish this, you may wish to re-examine the fee structure of the State Examiner's office, so the services pay for themselves.

A comprehensive revision and *recodification* of Montana's insurance laws has been made in line with my recommendation of two years ago. I hope this will be given full study. However, you should note that the insurance premium tax would be less than has existed during this current biennium. I urge that the Legislature study this point carefully in calculating anticipated revenue.

The Montana Commissioners to the National Conference on Uniform State Laws have submitted a report which contains suggestions of interest to you. Most important is one dealing with uniform administrative procedure for all state boards and commissions.

NATIONAL GOVERNORS' CONFERENCE

In closing, let me say that Montana has the opportunity of a lifetime in 1960. I am speaking of the chance to hold the 1960 National Governors' Conference in our Treasure State. I have already submitted a budget request of $85,000 to you for consideration. This is the only stumbling block that remains. If you approve this *minimum* amount, I am certain that my invitation in behalf of Montana will be accepted.

Not only in 1960 a Presidential election year, but it is also the golden anniversary of Glacier National Park. Therefore, the opportunity to more fully publicize the virtues of Montana are unlimited as the nation's spotlight will be focused on the site of the 1960 Conference. I realize that this request comes at a time of serious fiscal problems. However, this is an investment in our

future. We know we have the natural resources, industrial potentialities and tourist attractions. We must effectively let others know it. No other activity could do so much for Montana for so little a price.

The magnitude of this Conference is such that the President of the United States could very well be a speaker. The next President may well be in attendance. Please give this request your most serious consideration and study.

STATE ADVERTISING

Under no circumstances should the National Governor's Conference budget be confused with our continuing program of advertising our Treasure State. This is one of our best dividend-paying expenditures of state government. It should not only be continued, but increased. This won't really involve any greater expense to Montanans. A larger state advertising budget will mean greater gasoline tax collections from tourists. Therefore, it will pay for itself. You have only to amend the 1955 Act limiting the spending of highway funds for advertising purposes. Doing this will show your faith in Montana and its future.

I have not mentioned some boards, commissions or departments. This is only because their problems might not be quite as pressing as some which I have mentioned here today. Their reports are available to you for study.

I hope you will all view this State of the State message in the same spirit in which it is written. We must work together, each recognizing our duties and responsibilities, toward sound, business-like government for Montana.